

ENVIRONMENTAL SERVICES DEPARTMENT

Impact Analysis Report

OVERVIEW

The Environmental Services Department administers two fee programs as part of the Integrated Waste Management Program: Source Reduction and Recycling Fees (AB939 Fees), which are described further in Exhibit A, and Franchise Application Fees.

Projected fee revenue for 2006-2007 totals \$3.79 million. This represents an increase of \$1.142 million from last year, reflecting revenue projections based on the latest activity levels and the proposed increase in the Commercial Solid Waste AB939 fee.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

A discussion of the major fee revisions is also provided in the 2006-2007 Proposed Operating Budget document. This can be found in the Environmental and Utilities Services CSA section on pages VII-135, and Selected Special Funds Summaries section on page X-25.

Commercial Solid Waste AB939 Fee – For 2006-2007, the Commercial Solid Waste AB939 fee is proposed to increase from \$0.50 to \$0.89 per cubic yard for loose commercial solid waste and from \$1.50 to \$2.67 for compacted commercial solid waste. The equivalent weight-based AB939 fee for collection from City facilities will change from \$8.33 to \$14.83 per ton to

stay in parallel with the volumetric (cubic yard based) fee. In addition, the Commercial Solid Waste Franchise Fees (to be adopted through a separate resolution outside this document) are also proposed to increase in this budget from \$3.49 to \$3.67 per cubic yard for loose commercial solid waste and from \$10.47 to \$11.01 per cubic yard for compacted commercial solid waste. The total Commercial Solid Waste fee load (AB939 and Franchise Fees), would therefore increase from \$3.99 to \$4.56 per cubic yard (for loose waste) and from \$11.97 to \$13.68 per cubic yard for compacted waste. It should be noted however, that even with these proposed increases, the cost of service to businesses, which considers commercial solid waste fees and the recycling/diversion rate, would still remain among the lowest in the area.

The fees proposed to be increased in order to support several new programs in the Environment Services Department. These programs include the “Go Green” Program for School, the Construction and Demolition Diversion Deposit Program Administration, the design on an exclusive “downtown district”, and the Integrated Waste Management Contract Compliance and Oversight. As a result of these new programs, and the normal increase in program costs, even with the proposed fee increase, the cost recovery level for this program in 2006-2007 would drop to 78.5%. The cost recovery rate should improve slightly next year, however because included in the proposed program addition are some one-time startup costs related to these programs.

ENVIRONMENTAL SERVICES DEPARTMENT (CONT'D.)

***SUMMARY AND IMPACT OF PROPOSED FEE
REVISIONS (Cont'd)***

Landfill AB939 Fee – Effective July 2006, the County AB939 fee charged at landfills and transfer/processing stations will be increased from a total of \$3.35 to \$3.72 per ton of disposed waste. Pursuant to agreements between San José and Santa Clara County, \$1.50 per ton of this amount is distributed to the cities for activities related to recycling and \$2.22 is used by the County and participating cities for Household Hazardous Waste programs. The increase of \$0.37 per ton is intended to cover increased costs of addressing with batteries, fluorescent lamps, and other electronic wastes that are being sent to the landfills. Agreements for 2006-2007 will be brought to Council by June 2006. The City does not collect a separate fee as long as the county-wide fee is in effect.

NOTIFICATION

General public notice of proposed fees will be provided through published Council hearing dates and a minimum of ten days for public review of the 2006-2007 Proposed Fees and Charges Report.

DEPARTMENTAL FEES & CHARGES

ENVIRONMENTAL SERVICES DEPARTMENT

Service	Adopted 2005-2006 Fee	Council Policy Cost Recovery Category	Adopted Cost Recovery %	Proposed 2006-2007 Fee	2006-2007 Estimated Cost	Estimated 2006-2007 Revenue		% Cost Recovery	
						Current Fee	Proposed Fee	Current Fee	Prop'd Fee
1. SOURCE REDUCTION & RECYCLING		Category II							
a. Commercial Solid Waste	\$0.50/uncompacted cubic yard collected; \$1.50/compacted cubic yard collected (paid by generators) effective August 1, 2004 \$8.33 per ton collected from from City facilities		88.3%	\$0.89/uncompacted cubic yard collected; \$2.67/compacted cubic yard collected (paid by generators) effective August 1, 2006 \$14.83 per ton collected from from City facilities in rolloff boxes	3,553,031	1,567,739	2,790,575	44.1%	78.5%
b. Landfill	\$3.35 per ton (\$1.50 per ton San José portion - fee collected by County; \$1.85 per ton - fee collected by County for Household Hazardous Waste Programs*)		N/A	\$3.72 per ton (\$1.50 per ton San José portion - fee collected by County; \$2.22 per ton - fee collected by the County for Household Hazardous Waste Programs*)	N/A	1,000,000	1,000,000	N/A	N/
2. FRANCHISE APPLICATION FEES		Category I							
Commercial Solid Waste Application Fee	\$195 per application		100.0%	No Change	800	800	800	100.0%	100.0%
SUBTOTAL			88.4%		3,553,831	2,568,539	3,791,375	44.1%	78.5%
TOTAL DEPARTMENT - GENERAL FUND					N/A	N/A	N/A	N/A	N/
TOTAL DEPARTMENT - NON-GENERAL FUND					3,553,831	2,568,539	3,791,375	44.1%	78.5%
TOTAL DEPARTMENT - CATEGORY I					800	800	800	100.0%	100.0%
TOTAL DEPARTMENT - CATEGORY II					3,553,031	2,567,739	3,790,575	44.1%	78.5%
TOTAL DEPARTMENT					3,553,831	2,568,539	3,791,375	44.1%	78.5%

* San José receives only a portion of these fees collected by the County based on surplus available from the County after administration of the program.

***SOURCE REDUCTION AND RECYCLING ELEMENT PROGRAMS
FUNDED FROM AB939 FEES***

General Solid Waste Management

Provides oversight, analysis and coordination of all Source Reduction and Recycling Element programs and activities.

Source Reduction

Provides public information and education, sampling of public opinion to determine attitudes about source reduction issues, and evaluation of different types of educational approaches, including back yard composting programs. Works with Non-Profit Recyclers and other local organizations to promote source reduction and reuse.

Commercial Recycling

Provides outreach, technical assistance and educational assistance to the commercial sectors of the City. Also manages non-exclusive hauling franchises and the Construction & Demolition Recycling Program. Develops and implements programs to reach the City's waste reduction and diversion goals.

Evaluation Component

Provides evaluation of the effectiveness of and participation rates for the department's recycling programs, and makes recommendations for improving programs.

Market Development

Provides policy and technical analysis, program promotion, contingency planning, legislative advocacy, expansion of local recycling manufacturing activities, and expansion of City procurement of recycled products.

Civic Recycling

Provides storage containers, training, and recycling services for public areas, parks, and other City facilities. Administers City/County Funding from the State Department of Conservation for beverage container recycling. Coordinates with other City departments and outside agencies regarding litter control.